

3. Consolidated Performance Forecast for Fiscal 2020 (June 1, 2020 to May 31, 2021)

(Percentage figures show year-on-year increase or decrease.)

| | Net Sales | | Operating Income | | Ordinary Income | | Net Income Attributable to Owners of the Parent | | Net Income per Share |
|-----------|-----------------|--------|------------------|--------|-----------------|--------|---|--------|----------------------|
| | Millions of yen | % | Millions of yen | % | Millions of yen | % | Millions of yen | % | Yen |
| Full year | 34,000 | (13.0) | 250 | (76.6) | 500 | (58.6) | 700 | (35.3) | 78.28 |

(Note) Revisions to the most recently announced performance forecast: No

* Notes:

- (1) Transfers of major subsidiaries during the period: No
(Transfers of specified subsidiaries accompanied by changes in the scope of consolidation)
Newly included: - companies (name of company) Excluded: - companies (name of company)
- (2) Application of special accounting practices for the preparation of quarterly consolidated financial statement: No
- (3) Changes in accounting policies, changes in accounting estimates, and restatement
 - (a) Changes in accounting policies in accordance with revisions to accounting standards and related practices: No
 - (b) Any changes other than (a) above: No
 - (c) Changes in accounting estimates: No
 - (d) Restatement: No

(4) Shares outstanding (common stock)

(a) Number of shares outstanding as of the end of the period (including treasury stock):

| | | | |
|----------------|------------------|----------------|------------------|
| 1H Fiscal 2020 | 9,735,000 shares | Fiscal 2019 | 9,735,000 shares |
| 1H Fiscal 2020 | 793,678 shares | Fiscal 2019 | 793,403 shares |
| 1H Fiscal 2020 | 8,941,457 shares | 1H Fiscal 2019 | 8,941,949 shares |

(b) Number of shares of treasury stock as of the end of the period:

(c) Average number of shares for the period (fiscal year-to-date):

* Quarterly financial reports are not subject to quarterly review procedures by a certified public accountant or audit firm.

* Disclaimer concerning the proper use of business results forecasts and other relevant specific items
(Note on forward-looking statements)

The forecasts for business results presented in this document are based on management's assumptions and beliefs in light of currently available information. Toyo Denki cautions readers that due to a variety of factors actual results may differ materially from forecasts. Please refer to "Explanation of Consolidated Performance Forecast and Other Forward-looking Information" in the Accompanying Materials on page 3 for details relating to forecasts of operating results (available in Japanese only).

* This report is an abridged translation of the Japanese summary of consolidated business results, which has been prepared in accordance with accounting principles generally accepted in Japan, for reference purpose only.

2. Consolidated Financial Statements

(1) Consolidated Balance Sheets

(Millions of yen)

| | Fiscal 2019 (As of May 31, 2020) | 1H Fiscal 2020 (As of November 30, 2020) |
|---|-------------------------------------|---|
| Assets | | |
| Current assets | | |
| Cash and cash equivalents | 3,293 | 4,661 |
| Trade notes and accounts receivable | 14,135 | 14,232 |
| Electronically recorded monetary claims - operating | 1,538 | 783 |
| Products and finished goods | 756 | 731 |
| Work in process | 3,424 | 3,472 |
| Raw materials and stored goods | 2,996 | 3,213 |
| Advances | 13 | 25 |
| Other accounts receivable | 39 | 59 |
| Other | 86 | 151 |
| Allowance for doubtful accounts | (0) | (1) |
| Total current assets | 26,284 | 27,329 |
| Fixed assets | | |
| Property, plant and equipment | | |
| Buildings and structures | 12,269 | 12,286 |
| Accumulated depreciation | (5,515) | (5,721) |
| Buildings and structures, net | 6,753 | 6,564 |
| Machinery and equipment | 8,179 | 8,300 |
| Accumulated depreciation | (7,120) | (7,301) |
| Machinery and equipment, net | 1,059 | 998 |
| Land | 1,301 | 1,301 |
| Construction in progress | 86 | 55 |
| Other | 4,654 | 4,783 |
| Accumulated depreciation | (3,929) | (4,067) |
| Other, net | 724 | 715 |
| Total property, plant and equipment | 9,925 | 9,636 |
| Intangible assets | | |
| Software | 462 | 384 |
| Software in progress | 14 | 14 |
| Other | 14 | 14 |
| Total intangible assets | 490 | 413 |
| Investments and other assets | | |
| Investment securities | 15,434 | 13,340 |
| Deferred tax assets | 170 | 190 |
| Other | 2,865 | 2,975 |
| Allowance for doubtful accounts | (6) | (6) |
| Total investments and other assets | 18,463 | 16,499 |
| Total fixed assets | 28,880 | 26,549 |
| Total assets | 55,165 | 53,878 |

Summary of Consolidated Business Results for the First Half of Fiscal 2020
Toyo Denki Seizo K.K. (6505)
(Millions of yen)

| | Fiscal 2019 (As of May 31, 2020) | 1H Fiscal 2020 (As of November 30, 2020) |
|---|-------------------------------------|---|
| Liabilities | | |
| Current liabilities | | |
| Trade notes and accounts payable | 2,224 | 1,997 |
| Electronically recorded obligations - operating | 5,877 | 5,309 |
| Short-term debt | 2,207 | 3,585 |
| Accrued expenses | 606 | 629 |
| Income taxes payable | 334 | 374 |
| Consumption and other taxes payable | 310 | 34 |
| Advances received | 45 | 67 |
| Deposits received | 198 | 201 |
| Reserve for directors' bonuses | 36 | 18 |
| Reserve for employees' bonuses | 876 | 911 |
| Reserve for order losses | 732 | 920 |
| Other | 218 | 301 |
| Total current liabilities | 13,669 | 14,352 |
| Long-term liabilities | | |
| Long-term debt | 12,344 | 12,051 |
| Long-term payables | 25 | 17 |
| Deferred tax liabilities | 930 | 291 |
| Net defined benefit liability | 4,010 | 4,031 |
| Other | 3 | 3 |
| Total long-term liabilities | 17,312 | 16,396 |
| Total liabilities | 30,981 | 30,748 |
| Net assets | | |
| Shareholders' equity | | |
| Capital stock | 4,998 | 4,998 |
| Capital surplus | 3,177 | 3,177 |
| Retained earnings | 11,610 | 11,794 |
| Treasury stock | (1,280) | (1,281) |
| Total shareholders' equity | 18,505 | 18,688 |
| Accumulated other comprehensive income | | |
| Unrealized holding gains on available-for-sale securities | 5,727 | 4,468 |
| Foreign currency translation adjustments | 79 | 80 |
| Adjustments of defined benefit plans | (129) | (107) |
| Total accumulated other comprehensive income | 5,677 | 4,441 |
| Total net assets | 24,183 | 23,130 |
| Total liabilities and net assets | 55,165 | 53,878 |

(2) Consolidated Statements of Income and Comprehensive Income
 Consolidated Statements of Income for the First Half

(Millions of yen)

| | 1H Fiscal 2019 (June 1, 2019 to November 30, 2019) | 1H Fiscal 2020 (June 1, 2020 to November 30, 2020) |
|--|--|--|
| Net sales | 19,392 | 16,720 |
| Cost of sales | 15,485 | 13,003 |
| Gross profit | 3,907 | 3,716 |
| Selling, general and administrative expenses | 3,605 | 3,539 |
| Operating income | 302 | 177 |
| Non-operating income | | |
| Interest income | 0 | 0 |
| Dividend income | 164 | 154 |
| Equity in profit of unconsolidated subsidiaries and affiliates | — | 23 |
| Insurance claim income related to disaster | — | 34 |
| Miscellaneous income | 26 | 29 |
| Total non-operating income | 192 | 242 |
| Non-operating expenses | | |
| Interest expenses | 46 | 33 |
| Equity in loss of unconsolidated subsidiaries and affiliates | 10 | — |
| Loss on disposal of fixed assets | 0 | 0 |
| Foreign exchange losses | 31 | 17 |
| Miscellaneous loss | 24 | 13 |
| Total non-operating expenses | 114 | 65 |
| Ordinary income | 380 | 355 |
| Extraordinary income | | |
| Gain on sales of investment securities | 412 | 407 |
| Total extraordinary income | 412 | 407 |
| Income before income taxes | 793 | 762 |
| Income taxes: Current | 283 | 423 |
| Income taxes: Deferred | 38 | (112) |
| Total income taxes | 322 | 311 |
| Net income | 470 | 451 |
| Net income attributable to owners of the parent | 470 | 451 |

Consolidated Statements of Comprehensive Income for the First Half

(Millions of yen)

| | 1H Fiscal 2019 (June 1, 2019 to November 30, 2019) | 1H Fiscal 2020 (June 1, 2020 to November 30, 2020) |
|--|--|--|
| Net income | 470 | 451 |
| Other comprehensive income | | |
| Unrealized holding gains on available-for-sale securities | 603 | (1,258) |
| Foreign currency translation adjustments | (9) | 31 |
| Adjusted amounts of defined benefit plans | 23 | 22 |
| Share of other comprehensive income of affiliates to which the equity method is applied | (33) | (30) |
| Total other comprehensive income | 583 | (1,236) |
| Comprehensive income | 1,054 | (784) |
| Comprehensive income attributable to: | | |
| Owners of the parent | 1,054 | (784) |
| Non-controlling interests | — | — |

(3) Consolidated Statements of Cash Flows

(Millions of yen)

| | 1H Fiscal 2019 (June 1, 2019 to November 30, 2019) | 1H Fiscal 2020 (June 1, 2020 to November 30, 2020) |
|---|--|--|
| Cash flow from operating activities | | |
| Income before income taxes | 793 | 762 |
| Depreciation and amortization | 717 | 673 |
| Increase (decrease) in allowance for doubtful accounts | (1) | 1 |
| Increase (decrease) in reserve for employees' bonuses | 8 | 34 |
| Increase (decrease) in net defined benefit liability | 74 | 21 |
| Increase (decrease) in reserve for order losses | (81) | 192 |
| Interest and dividends income | (165) | (154) |
| Interest expenses | 46 | 33 |
| Insurance claim income related to disaster | — | (34) |
| Loss (gain) on sales of investment securities | (412) | (407) |
| Decrease (increase) in notes and accounts receivable-trade | (784) | 635 |
| Decrease (increase) in inventories | 22 | (244) |
| Increase (decrease) in notes and accounts payable-trade | (261) | (771) |
| Increase (decrease) in advances received | 11 | 21 |
| Increase (decrease) in accrued expenses | 38 | 24 |
| Decrease (increase) in consumption and other taxes receivable | (30) | — |
| Increase (decrease) in consumption and other taxes payable | (512) | (276) |
| Other | (86) | (39) |
| Subtotal | (625) | 472 |
| Interest and dividends income received | 165 | 154 |
| Interest expenses paid | (52) | (34) |
| Refund of (Payments for) corporate and other taxes | (238) | (374) |
| Cash flow from operating activities | (749) | 218 |
| Cash flow from investing activities | | |
| Purchases of property, plant and equipment | (363) | (211) |
| Purchases of intangible assets | (8) | (19) |
| Purchases of investment securities | (7) | (96) |
| Proceeds from sales of investment securities | 1,073 | 693 |
| Payments of loans receivable | (26) | (15) |
| Other | (352) | (28) |
| Cash flow from investing activities | 315 | 322 |
| Cash flow from financing activities | | |
| Increase (decrease) in short-term loans payable, net | 268 | 1,416 |
| Repayment of long-term debt | (239) | (324) |
| Purchase of treasury stock | (0) | (0) |
| Cash dividends paid | (267) | (267) |
| Other | (0) | (0) |
| Cash flow from financing activities | (239) | 822 |
| Effect of exchange rate change on cash and cash equivalents | 11 | 3 |
| Increase (decrease) in cash and cash equivalents | (662) | 1,368 |
| Balance of cash and cash equivalents at the beginning of the period | 2,240 | 3,293 |
| Balance of cash and cash equivalents at the end of the period | 1,577 | 4,661 |

(4) Notes on Consolidated Financial Statements

(Notes on Going Concern Assumption)

Not applicable

(Notes on Significant Changes in the Amount of Shareholders' Equity)

Not applicable

(Segment Information)

[Segment Information]

First Half of Fiscal 2019 (June 1, 2019 to November 30, 2019)

Information regarding Net Sales and Income (Loss) by Reporting Segment

(Millions of yen)

| | Reporting Segment | | | Other (Note 1) | Total | Adjustment Amount (Note 2) | Amount Recorded on Consolidated Statements of Income (Note 3) |
|--------------------------------------|---------------------------|-----------------------|-------------------------------------|-------------------|--------|----------------------------------|--|
| | Transportation Systems | Industrial Systems | Information Equipment Systems | | | | |
| Net sales | | | | | | | |
| Sales to third parties | 12,139 | 6,459 | 790 | 3 | 19,392 | — | 19,392 |
| Inter-segment sales and transfers | 4 | 0 | — | 272 | 277 | (277) | — |
| Total | 12,144 | 6,460 | 790 | 275 | 19,670 | (277) | 19,392 |
| Segment profit | 1,017 | 488 | 247 | 4 | 1,756 | (1,454) | 302 |

- (Notes)
1. The "Other" segment includes operations not included in reporting segments such as the dispatch of temporary staff.
 2. The segment profit adjustment amount is a loss of 1,454 million yen. This is comprised of an elimination of inter-segment sales and transfer amount of a loss of 0 million yen and corporate expenditure (a loss of 1,454 million yen) that is not allocated to each reporting segment. Corporate expenditure is primarily comprised of selling, general and administrative expenses, as well as research and development costs that are not allocated to each reporting segment.
 3. Segment profit has been adjusted with operating income recorded under the quarterly consolidated statements of income.

First Half of Fiscal 2020 (June 1, 2020 to November 30, 2020)

Information regarding Net Sales and Income (Loss) by Reporting Segment

(Millions of yen)

| | Reporting Segment | | | Other (Note 1) | Total | Adjustment Amount (Note 2) | Amount Recorded on Consolidated Statements of Income (Note 3) |
|--------------------------------------|---------------------------|-----------------------|-------------------------------------|-------------------|--------|----------------------------------|--|
| | Transportation Systems | Industrial Systems | Information Equipment Systems | | | | |
| Net sales | | | | | | | |
| Sales to third parties | 11,078 | 5,035 | 604 | 2 | 16,720 | — | 16,720 |
| Inter-segment sales and transfers | 10 | 0 | — | 178 | 189 | (189) | — |
| Total | 11,089 | 5,035 | 604 | 181 | 16,910 | (189) | 16,720 |
| Segment profit (loss) | 1,065 | 375 | 175 | (19) | 1,596 | (1,419) | 177 |

- (Notes)
1. The "Other" segment includes operations not included in reporting segments such as the dispatch of temporary staff.
 2. The segment profit (loss) adjustment amount is a loss of 1,419 million yen. This is comprised of an elimination of inter-segment sales and transfer amount of 0 million yen and corporate expenditure (a loss of 1,420 million yen) that is not allocated to each reporting segment. Corporate expenditure is primarily comprised of selling, general and administrative expenses, as well as research and development costs that are not allocated to each reporting segment.
 3. Segment profit (loss) has been adjusted with operating income recorded under the quarterly consolidated statements of income.

3. Other

(1) Status of Production, Orders, and Sales

(a) Production Status

| Business segment | 1H Fiscal 2019 (June 1, 2019 to November 30, 2019) | | 1H Fiscal 2020 (June 1, 2020 to November 30, 2020) | |
|-------------------------------|---|--------------|---|--------------|
| | Amount (Millions of yen) | Share (%) | Amount (Millions of yen) | Share (%) |
| Transportation Systems | 11,960 | 63.2 | 10,927 | 70.2 |
| Industrial Systems | 6,172 | 32.6 | 4,403 | 28.3 |
| Information Equipment Systems | 803 | 4.2 | 240 | 1.5 |
| Other | — | — | — | — |
| Total | 18,935 | 100.0 | 15,572 | 100.0 |

- (Notes)
1. Amounts are based on sales prices.
 2. Amounts are exclusive of consumption and other taxes.

(b) Status of Orders Received

| Business segment | 1H Fiscal 2019 (June 1, 2019 to November 30, 2019) | | 1H Fiscal 2020 (June 1, 2020 to November 30, 2020) | |
|-------------------------------|---|------------------------------|---|------------------------------|
| | Orders Received (Millions of yen) | Balance (Millions of yen) | Orders Received (Millions of yen) | Balance (Millions of yen) |
| Transportation Systems | 12,859 | 23,318 | 8,661 | 21,743 |
| Industrial Systems | 6,711 | 7,435 | 5,518 | 5,841 |
| Information Equipment Systems | 767 | 678 | 210 | 146 |
| Other | 3 | — | 2 | — |
| Total | 20,341 | 31,432 | 14,393 | 27,731 |

- (Notes)
1. Amounts are based on sales prices.
 2. Amounts are exclusive of consumption and other taxes.

(c) Sales Status

| Business segment | 1H Fiscal 2019 (June 1, 2019 to November 30, 2019) | | 1H Fiscal 2020 (June 1, 2020 to November 30, 2020) | |
|-------------------------------|---|--------------|---|--------------|
| | Amount (Millions of yen) | Share (%) | Amount (Millions of yen) | Share (%) |
| Transportation Systems | 12,139 | 62.6 | 11,078 | 66.3 |
| Industrial Systems | 6,459 | 33.3 | 5,035 | 30.1 |
| Information Equipment Systems | 790 | 4.1 | 604 | 3.6 |
| Other | 3 | 0.0 | 2 | 0.0 |
| Total | 19,392 | 100.0 | 16,720 | 100.0 |

- (Notes)
1. Amounts are based on sales prices.
 2. Amounts are exclusive of consumption and other taxes.